



## Legislation Text

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**File #:** RES 16-440, **Version:** 1

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Resolution Approving Transfer of Ownership, and Execution of Assignment and Assumption of Existing HRA Financing Including Extension of Maturity Dates and Re-Subordination for Superior Street Cottages, District 9, Ward 2

**WHEREAS**, the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the "HRA") is a public body corporate and politic established pursuant to the provisions of Minnesota Statutes, Section 469.001, et seq. (the "Act"); and

**WHEREAS**, the HRA has the power to engage in development or redevelopment activities under Minnesota law and the HRA is authorized to engage in activities relating to (a) housing projects and development, (b) removal and prevention of the spread of conditions of blight or deterioration, (c) bringing substandard buildings and improvements into compliance with public standards, (d) disposition of land for private redevelopment, and (e) improving the tax base and the financial stability of the community, and to engage in the aforementioned activities when these needs cannot be met through reliance solely upon private initiative and which can also be undertaken in targeted neighborhoods; and is authorized to create redevelopment projects as defined in Minn Stat Section 469.002, Subd. 14; and

**WHEREAS**, the City of Saint Paul ("City") is a home rule charter city under the laws of the State of Minnesota; and

**WHEREAS**, Superior Street Cottages is a 23 unit senior rental townhome development ("Project") that was constructed in 1999 by a partnership of Lyngblomsten and Fort Road Federation ("Developer/Assignor") and financed by five separate HRA and City sources of funds, namely: an HRA 501(c)(3) housing revenue bond (the "Bond"), HRA tax increment financing, HRA HOME funds of \$753,000 and HRA UDAG funds of \$246,000 (collectively, but excluding the Bond, "HRA Financing"); and City STAR funds of \$400,000 ("City Financing"); and

**WHEREAS**, Developer/Assignor has continuously operated the Project since 1999 with income and age restrictions; and

**WHEREAS**, Developer/Assignor desires to sell the Project to Next 7<sup>th</sup> Properties, LLC ("Buyer/Assignee") that is owned by Shawn Devine, and Developer has requested that the HRA and City approve the sale and transfer of ownership of the Project and the execution of an assignment, assumption and amendment ("Assignment") of the HRA Financing and City Financing to Buyer/Assignee, an experienced owner and operator of housing units in the Metropolitan area; and

**WHEREAS**, upon the sale and transfer of ownership of the Project the Bond will be defeased or prepaid; and

**WHEREAS**, the HRA has determined that it is necessary to amend the Tax Increment Financing Plan for the Superior Street Cottages Tax Increment Financing District to, among other things, provide for administrative changes to the budget set forth therein and restate affordability requirements (the "Plan Amendment"); and

**WHEREAS**, the Plan Amendment does not increase the total estimated tax increment expenditures, the amount of bonded indebtedness, capitalized interest, or make any other changes described in Minnesota

Statutes, Section 469.175, subd. 4, that would require a new public hearing; and

**WHEREAS**, staff recommends to the HRA Board and to the Saint Paul City Council approval of the Assignment on the terms and conditions, which includes extensions of maturity dates and affordability and age restrictions, reissuing of the tax increment assistance as an independent tax increment revenue note rather than as a component of the Bond (the "TIF Note"), and resubordinations of the HRA Financing and City Financing among other terms, and for the reasons described in the staff report submitted to the HRA Board and Saint Paul City Council with this Resolution; and

**WHEREAS**, by this Resolution the HRA Board of Commissioners approves the transfer of ownership of the Project to Buyer/Assignee and execution of the Assignment and the TIF Note, together with any related documents necessary in connection therewith, including without limitation all documents referenced in or attached to the Assignment (collectively, the "Development Documents") and finds a public purpose for the actions taken in connection with the Project; and

**WHEREAS**, the Saint Paul City Council is being requested to take action with respect to the City Financing that is consistent with the actions being taken by the HRA Board of Commissioners in this Resolution.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Commissioners of the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota that:

1. The HRA Board of Commissioners hereby approves the transfer of ownership of the Project from the Developer/Assignor to the Buyer/Assignee, and approves and authorizes the execution of the Development Documents, in substantially the form on file with the Executive Director of the HRA, by the HRA Chair/Commissioner, HRA Executive Director, and Director of Office of Financial Services.

2. The approval hereby given to the Development Documents includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto including without limitation filling in any missing information, as may be necessary and appropriate and approved by legal counsel to the HRA and by the officers authorized herein to execute said documents prior to their execution; and said officers are hereby authorized to approve said changes on behalf of the HRA. The execution of any instrument by the appropriate officers of the HRA herein authorized shall be conclusive evidence of the approval of such document in accordance with the terms hereof. In the event of absence or disability of the officers, any of the documents authorized by this Resolution to be executed may be executed without further act or authorization of the Board by any duly designated acting official, or by such other officer or officers of the Board as, in the opinion of the City Attorney, may act in their behalf.

3. The Tax Increment Financing Plan for the Superior Street Cottages Tax Increment Financing District is hereby amended as set forth in the Plan Amendment, which is on file with the Executive Director of the HRA.

4. The HRA Executive Director, staff and legal counsel for the HRA are directed and authorized to file a copy of the Plan Amendment with the Ramsey County Department of Property Taxation, the Commissioner of Revenue and the Office of the State Auditor and take all actions necessary to implement this Resolution.

5. The HRA's Executive Director is authorized to negotiate and execute any documents and instruments in connection with this Resolution including without limitation the execution of the Development Documents and any amendments thereto that do not materially change the terms and conditions of such Development Documents with the approval of the City Attorney.